

***United States Court of Appeals
for the Second Circuit***



**APPELLEE'S REPLY
BRIEF**

9-28
76-7063

UNITED STATES COURT OF APPEALS

SECOND CIRCUIT

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DIGITRONICS CORP., NOW AMPEREX ELECTRONIC
CORP., :

Plaintiff-Appellant-Cross Appellee, :

v. :

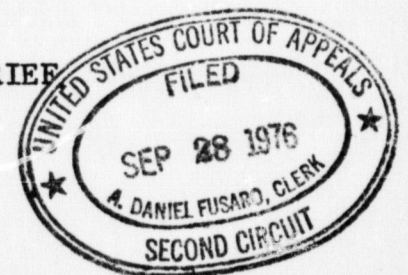
THE NEW YORK RACING ASSOCIATION, INC., :
AUTOMATIC TOTALISATORS (U.S.A.) LTD., :
AUTOMATIC TOTALISATORS LTD., and PREMIER :
EQUIPMENT PROPRIETARY LTD., :

Defendants-Appellees-Cross Appellants. :
----- x

Appeal From the United States District Court
For the Eastern District of New York
(John F. Dooling, Jr., District Judge)

DEFENDANTS-CROSS APPELLANTS REPLY BRIEF

ON THE CROSS APPEAL



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ABBREVIATIONS

F/F	- Finding of Fact (followed by Finding of Fact numbers)
JAX	- Joint Appendix (followed by page number)
PX	- Plaintiff's Exhibit (followed by exhibit number)
DX	- Defendant's Exhibit (followed by exhibit letters(s))
Pl.App.Br.	- Plaintiff's Appeal Main Brief
Op.	- Opinion (followed by page number of typewritten opinion)
DAM	- Answer Brief of Defendants-Appellees and Main Brief of Defendants-Cross Appellants
<u>EMPHASIS</u>	- Emphasis throughout is defendants' except for citation of case names or where otherwise indicated.

TABLE OF AUTHORITIES

Cases

Monolith Portland Midwest Co. v. Kaiser Aluminum &
Chemical Corp.,
407 F.2d 288, 294, 160 U.S.P.Q. 577, 581 (9th Cir. 1969)

Timely Products Corp. v. Stanley Arron,
523 F.2d 288, 187 U.S.P.Q. 257 (2d Cir. 1975)

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The erroneous premises on which plaintiff's cavalier
response is based requires a brief reply.

INVALIDATING MATERIAL FACTS WERE WITHHELD

Plaintiff first asserts, entirely contrary to the express

findings below (cf F/F 39-47, 49 and 50A; JAX 287-294) that no "invalidating material fact(s)" existed while at the same time attempting to excuse its failure to disclose as being an "honest mistake" the concealment of the existence sale and anticipatory nature of the demonstrator-prototype, the Westbury brochure and the Aqueduct totalisator as well as their material character is beyond argument. Such concealment, when viewed in light of the known total lack of conceptual contribution by the named patentees to the demonstrator-prototype (DAM 19-21; F/F 40 and 49, JAX 288-289 and 293-294; See also Op 26, 57-58, 60-61, JAX 64, 95-96, 98-99) the peculiar circumstances attendant the preparation of the application (DAM 40-45) and the abortive attempt to disguise the sale of the demonstrator by amendment of the 1961 contract (cf DAM 12-16, 18 and 85-86) present a factual context of concealment of material facts far in excess of simple negligence.

Plaintiff's second erroneous premise is a misstatement of the "exceptional" case determinant under the subheading "A. An Attorney Fees Award For Conduct Less Than Fraud Requires Deliberate Misrepresentation To The Patent Office Of A Material Fact." This is clearly not the rule. Conduct "short of fraud and in excess of simple negligence" (Monolith Portland Midwest Co. v. Kaiser Aluminum & Chemical Corp., 407 F.2d 288, 294 (9th Cir. 1969)) and the concealment of prior activities is enough for a declaration that a

case is exceptional. This Court in Timely Products Corp. v. Stanley Arron, 523 F.2d 288 (2d Cir. 1975) recognized such concealment as a basis for an exceptional case determination as follows:¹

By concealing his knowledge of Costanzo's sock, Arron caused the Patent Office to appraise his contribution from the reference point of an earlier state of the art, and thus erroneously to credit him with Costanzo's advance as well as his own.

The Court in the Timely case also pointed out that the patentee "knew all about" earlier work and used it as the point of departure for his work. In the instant case, at the very least, the patentee, Weida "knew all about" the prototype, its use as a demonstrator and the Westbury brochure and used it as the point of departure for the later work.

Defendants have carried their burden of proof under controlling authority and are entitled to a declaration that this case is "exceptional".

1 - For a recent decision both following and expanding the Monolith and Timely decisions, see Paeco, Inc. v. Applied Moldings Inc., 189 USPQ 281 (E.D. Pa 1976).

STATE OF NEW YORK)
: ss.
COUNTY OF NEW YORK)

STEVEN J. KURTZER being duly sworn, deposes and says: deponent is not a part of the action, is over 18 years of age and resides at 208 West 23 Street, New York, New York. On September 28, 1976 deponent served by hand delivery, two copy of the attached DEFENDANTSCROSS APPELLANTS REPLY BRIEF ON THE CROSS APPEAL upon S. C. Yuter, attorney for plaintiff in this action, at 605 Third Avenue, New York, New York the address designated by said attorney for that purpose.

St. J. Kurtzer

Steven J. Kurtzer

Subscribed and sworn to before me
this 28th day of September, 1976.

Marilyn Jean Hands
Notary Public

MARILYN JEAN HANDS
Notary Public, State of New York
No. 03-4503750
Qualified in Bronx County
Comm. Expires March 30, 1977

